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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

FINANCIAL STATEMENTS AND SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2008 AND
THE NINE MONTHS ENDED JUNE 30, 2007

WITH INDEPENDENT AUDITORS' REPORT THEREON

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/28/09



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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

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FOR THE YEAR ENDED JUNE 30, 2008 AND
THE NINE MONTHS ENDED JUNE 30, 2007

WITH INDEPENDENT AUDITORS' REPORT THEREON

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

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Independent Auditors' Report

The Board of Commissioners
New Orleans City Park Improvement Association:

We have audited the statements of net assets of New Orleans City Park Improvement Association (the Park) as of June 30, 2008 and 2007, and the related statements of changes in net assets and cash flows for the year and nine months then ended, respectively. These financial statements are the responsibility of the Park's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Park's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Orleans City Park Improvement Association as of June 30, 2008 and 2007, and the results of its operations and its cash flows for the year and the nine months then ended, respectively, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 10 and the Schedule of Funding Progress for Louisiana's State OPEB Plan on page 27 are not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008 on our consideration of the New Orleans City Park Improvement Association's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules of Operating Expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

New Orleans, Louisiana

December 18, 2008

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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis

June 30, 2008 and 2007

This section of the New Orleans City Park Improvement Association (the Park) financial report presents a discussion and analysis of the Park's financial performance during the year ended June 30, 2008 and the nine months ended June 30, 2007. Please read it in conjunction with the Park's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

2008 Highlights

The Park's net assets represent approximately 81% of total assets of approximately \$28 million at June 30, 2008. At June 30, 2007, the Park's net assets approximated 70% of total assets of approximately \$18.4 million.

The Park's increase in net assets was approximately \$9.8 million for the year ended June 30, 2008 as compared to an increase of approximately \$3.9 million for the nine months ended June 30, 2007. In addition, the Park's cash used in operating activities was approximately \$2 million in 2008 as compared to cash used in operating activities of approximately \$219,500 in 2007.

2007 Highlights

The Park's net assets represent approximately 70% of total assets of approximately \$18.4 million at June 30, 2007. At September 30, 2006, the Park's net assets approximated 63% of total assets of approximately \$14.2 million.

The Park's increase in net assets was approximately \$3.9 million for the nine months ended June 30, 2007 as compared to an increase of approximately \$1.5 million for the year ended September 30, 2006. In addition, the Park's cash used in operating activities was approximately \$219,500 in 2007 as compared to cash used in operating activities of approximately \$742,000 in 2006.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of four parts: management's discussion and analysis (this section), the basic financial statements, the notes to the financial statements, and other supplementary information.

The financial statements provide both long-term and short-term information about the Park's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplemental information that further explains and supports the information in the financial statements.

The Park's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

recognized in the Statements of Changes in Net Assets. All assets and liabilities associated with the operation of the Park are included in the Statements of Net Assets.

The Statements of Net Assets reports the Park's net assets. Net assets, the difference between the Park's assets and liabilities, are one way to measure the Park's financial health or position. The increase in the Park's net assets in 2008 over 2007 is an indicator of its positive financial health.

FINANCIAL ANALYSIS OF THE PARK – 2008

Net Assets

The Park's total net assets at June 30, 2008 reached approximately \$23 million, a 75% increase over June 30, 2007 (See Table A-1). Total assets increased 52% to approximately \$28 million, and total liabilities decreased 1% to approximately \$5.2 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through donations and FEMA public assistance grants, along with state funding for operations.

TABLE A-1			
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION			
Statements of Net Assets			
June 30, 2008 and 2007			
Assets	2008	2007	Increase (Decrease)
Current assets	\$ 6,903,382	\$ 6,086,285	\$ 817,097
Investments	708,360	553,116	155,244
Capital assets	20,340,562	11,716,450	8,624,112
Total assets	\$ 27,952,304	\$ 18,355,851	\$ 9,596,453
Current liabilities	4,553,142	4,536,063	17,079
Long-term Liabilities	689,325	904,854	(215,529)
Total liabilities	5,242,467	5,440,917	(198,450)
Net assets:			
Invested in capital assets, net	20,340,562	11,716,450	8,624,112
Restricted	1,635,725	969,625	666,100
Unrestricted	733,550	228,859	504,691
Total net assets	22,709,837	12,914,934	9,794,903
	\$ 27,952,304	\$ 18,355,851	\$ 9,596,453

Total current assets increased due to the Park's continuance to reserve in LAMP investments. Capital assets increased due to the acquisition of various fixed assets including amusements, stadium, and general park. This increase was partially offset by the continued depreciation of the capital assets.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

Total liabilities decreased due to the Park fulfilling the agreement with Sugar Bowl for renovation on Tad Gormley stadium and the Park using restricted FEMA funds for Katrina related repairs. This decrease was partially offset by the accrual for other postretirement benefits of \$689,325.

Net assets grew by approximately \$9.8 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Changes in Net Assets

The change in net assets for the year ended June 30, 2008 was approximately a \$5.9 million increase as compared to an increase in net assets of approximately \$2.4 million for the nine months ended June 30, 2007. The Park's total operating revenues increased by 62% to approximately \$5 million, and total operating expenses increased by 84% to approximately \$8.2 million. The changes in net assets are detailed in Table A-2, operating expenses are detailed in Table A-3.

TABLE A-2 NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION Statements of Changes in Net Assets For the year ended June 30, 2008 and the nine months ended June 30, 2007			
	2008	2007	Increase (Decrease)
Operating Revenues:			
Golf operations	\$ 159,704	\$ 150,947	\$ 8,757
Amusements and other events	2,144,869	997,259	1,147,610
Casino, catering, and restaurant revenue	1,612,920	1,139,747	473,173
Horticulture, grounds and pavilion	729,983	473,506	256,477
Other	376,699	334,307	42,392
Total operating revenues	5,024,175	3,095,766	1,928,409
Operating expenses:			
Golf operations	70,928	42,900	28,028
General park	2,987,431	1,507,356	1,480,075
Casino, catering, and restaurant expense	1,319,950	856,652	463,298
Amusement and other events	776,634	448,026	328,608
Depreciation	1,159,272	770,239	389,033
Hurricane Katrina loss	(77,519)	189,275	(266,794)
Other postretirement benefit expense	689,325	-	689,325
Other	1,252,159	690,647	561,512
Total operating expenses	8,178,180	4,505,095	3,673,085
Operating loss	(3,154,005)	(1,409,329)	(1,744,676)
Nonoperating income	5,810,544	2,672,856	3,137,688
Capital contributions	7,138,364	2,668,594	4,469,770
Changes in net assets	9,794,903	3,932,121	5,862,782
Total net assets, beginning of the year	12,914,934	8,982,813	3,932,121
Total net assets, end of the year	\$ 22,709,837	\$ 12,914,934	\$ 9,794,903

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

Operating revenues increased by 62% to approximately \$5 million. This was a result of increased activity within the Park due to new and renovated facilities within amusements, catering, and the Botanical Gardens.

Operating expenses increased by 82% to approximately \$8.2 million. The increase in operating expenses is primarily the result of maintaining revenue generating facilities. With the increase of revenue, the Park was afforded the opportunity to maintain facilities at a higher standard since Hurricane Katrina. More employees were hired to work at the new and renovated facilities within amusements, catering and the Botanical Gardens. In addition, with the implementation of GASB 45 in the year ended June 30, 2008, the Park recorded an expense of \$689,325 to record the net OPEB obligation as described in Note 8.

Nonoperating income increased 117% to approximately \$5.8 million due to increased funding from federal and state sources and private contributions during the year ended June 30, 2008.

Capital contributions increased by 167% to \$7.1 million due to increased state capital contributions for the construction and refurbishment of Park facilities.

TABLE A-3			
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION			
Schedule of Operating Expenses			
For the year ended June 30, 2008 and the nine months ended June 30, 2007			
	2008	2007	Increase (Decrease)
Payroll	\$ 2,834,712	\$ 1,494,432	\$ 1,340,280
Cost of goods sold	580,890	378,832	202,058
Contract labor	111,378	282,450	(171,072)
Depreciation	1,159,272	770,239	389,033
Payroll benefits	405,420	235,599	169,821
Utilities	265,947	163,694	102,253
Repairs and maintenance	550,015	91,510	458,505
Insurance	517,298	342,679	174,619
Hurricane Katrina	(77,519)	189,275	(266,794)
Other postretirement benefits expense	689,325	-	689,325
Other	1,141,442	556,385	585,057
Total operating expenses	<u>\$ 8,178,180</u>	<u>\$ 4,505,095</u>	<u>\$ 3,673,085</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

FINANCIAL ANALYSIS OF THE PARK – 2007

Net Assets

The Park's total net assets at June 30, 2007 reached approximately \$13 million, a 44% increase over September 30, 2006 (See Table A-4). Total assets increased 29% to approximately \$18.4 million, and total liabilities increased 4.1% to approximately \$5.4 million. The increase in net assets is mainly attributable to the purchase of property and equipment funded through donations and FEMA public assistance grants, along with state funding for operations.

Assets	2007	2006	Increase (Decrease)
Current assets	\$ 6,086,285	\$ 3,961,712	\$ 2,124,573
Investments	553,116	422,051	131,065
Capital assets	11,716,450	9,825,137	1,891,313
Total assets	\$ 18,355,851	\$ 14,208,900	\$ 4,146,951
Current liabilities	4,536,063	4,321,233	214,830
Insurance payable	904,854	904,854	-
Total liabilities	5,440,917	5,226,087	214,830
Net assets:			
Invested in capital assets, net	11,716,450	9,825,137	1,891,313
Restricted	969,625	663,016	306,609
Unrestricted	228,859	(1,505,340)	1,734,199
Total net assets	12,914,934	8,982,813	3,932,121
	\$ 18,355,851	\$ 14,208,900	\$ 4,146,951

Total current assets increased due to the rebuilding of reserves in the LAMP investments. Capital assets increased due to the acquisition of various fixed assets, including additions to the gardens, Pavilion, amusements, stadium and general park additions. This increase was partially offset by the continued depreciation of the capital assets.

Total liabilities increased due to the amounts owed of approximately \$1.5 million for debris removal work throughout the Park and the agreement with Sugar Bowl for renovation on Tad Gormley stadium not yet started.

Net assets grew by approximately \$3.9 million as explained in the following section. Net assets invested in capital assets reflect fixed assets, net of accumulated depreciation, net of debt balance for

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

capital leases. Restricted assets reflect assets restricted by a donor and/or contractual agreements for specific purposes.

Changes in Net Assets

Due to the change in year end from September 30 in 2006 to June 30 in 2007, the balances on the statements of changes in net assets for 2007 include activity for 9 months. The balances on the statement of changes in net assets for 2008 included activity for 12 months.

The change in net assets for the nine months ended June 30, 2007 was approximately a \$2.5 million increase as compared to an increase in net assets of approximately \$1.5 million for the year ended September 30, 2006. The Park's total operating revenues increased by 55% to approximately \$3.1 million, and total operating expenses decreased 19% to approximately \$4.5 million. The changes in net assets are detailed in Table A-5; operating expenses are detailed in Table A-6.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

TABLE A-5 NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION Statements of Changes in Net Assets For the nine months ended June 30, 2007 and year ended September 30, 2006			
	2007	2006	Increase (Decrease)
Operating Revenues:			
Golf operations	\$ 150,947	\$ 144,644	\$ 6,303
Amusements and other events	997,259	660,035	337,224
Casino, catering, and restaurant revenue	1,139,747	655,426	484,321
Horticulture, grounds and pavilion	473,506	386,558	86,948
Other	334,307	150,201	184,106
Total operating revenues	<u>3,095,766</u>	<u>1,996,864</u>	<u>1,098,902</u>
Operating expenses:			
Golf operations	42,900	24,459	18,441
General park	1,507,356	1,955,660	(448,304)
Casino, catering, and restaurant expense	856,652	464,875	391,777
Amusement and other events	448,026	120,328	327,698
Depreciation	770,239	774,842	(4,603)
Hurricane Katrina loss	189,275	1,771,028	(1,581,753)
Other	690,647	480,504	210,143
Total operating expenses	<u>4,505,095</u>	<u>5,591,696</u>	<u>(1,086,601)</u>
Operating loss	(1,409,329)	(3,594,832)	2,185,503
Nonoperating income:	2,672,856	3,095,516	(422,660)
Capital contributions	<u>2,668,594</u>	<u>1,968,380</u>	<u>700,214</u>
Changes in net assets	3,932,121	1,469,064	2,463,057
Total net assets, beginning of the year	<u>8,982,813</u>	<u>7,513,749</u>	<u>1,469,064</u>
Total net assets, end of the year	<u>\$ 12,914,934</u>	<u>\$ 8,982,813</u>	<u>\$ 3,932,121</u>

Operating revenues increased by 55% to approximately \$3.1 million. This was a result of reopening facilities in 2006 and 2007 following Hurricane Katrina.

Operating expenses decreased by 19% to approximately \$4.5 million. The decrease in the operating expenses was primarily the result of a decrease in the hurricane loss offset by increased operating expenses for reopened facilities.

Nonoperating income decreased 14% to approximately \$2.7 million due primarily to decreases in Federal grant and private contributions, partially offset by an increase in state revenues.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

Capital contributions increased by 55% to \$2.7 million due to increased state capital contributions for the construction and refurbishment of Park facilities.

TABLE A-6			
NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION			
Schedule of Operating Expenses			
For the nine months ended June 30, 2007 and the year ended September 30, 2006			
	2007	2006	Increase (Decrease)
Payroll	\$ 1,494,432	\$ 1,156,581	\$ 337,851
Cost of goods sold	378,832	170,216	208,616
Contract labor	282,450	178,742	103,708
Depreciation	770,239	774,842	(4,603)
Payroll benefits	235,599	669,626	(434,027)
Utilities	163,694	112,473	51,221
Repairs and maintenance	91,510	33,493	58,017
Insurance	342,679	324,545	18,134
Golf management operations	-	107	(107)
Hurricane Katrina	189,275	1,771,028	(1,581,753)
Other	556,385	400,043	156,342
Total operating expenses	\$ 4,505,095	\$ 5,591,696	\$ (1,086,601)

CAPITAL ASSET AND DEBT ADMINISTRATION

2008 Capital Assets

As of June 30, 2008, the Park's investment in capital assets approximated \$20.3 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. During the year ended September 30, 2005, the Park suffered significant damage to property and equipment as a result of Hurricane Katrina. Management evaluated the impact of Hurricane Katrina on the property and equipment records and recorded a write off of assets with cost of \$10 million and accumulated depreciation of \$5.4 million at September 30, 2005. At June 30, 2008, the Park has construction in progress of approximately \$9.4 million relating to projects throughout the Park including approximately \$2.2 million for Tad Gormley Stadium, \$1.7 million for Pan American Stadium, \$1.4 million for amusement facilities, \$816,000 for golf facilities, \$2.6 million for building repairs, and \$700,000 for various other projects.

2007 Capital Assets

As of June 30, 2007, the Park's investment in capital assets approximated \$11.7 million, net of accumulated depreciation. This investment consists principally of buildings and related improvements, ground improvements, and equipment. During the year ended September 30, 2005, the

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Management's Discussion and Analysis, Continued

June 30, 2008 and 2007

Park suffered significant damage to property and equipment as a result of Hurricane Katrina. Management evaluated the impact of Hurricane Katrina on the property and equipment records and recorded a write off of assets with cost of \$10 million and accumulated depreciation of \$5.4 million at September 30, 2005. During the nine months ended June 30, 2007, the Park acquired \$2.7 million of new capital assets in the process of rebuilding the Park facilities damaged by Hurricane Katrina. At June 30, 2007, the Park has construction in progress of approximately \$1.8 million relating to projects throughout the Park including approximately \$39,000 for Tad Gormley Stadium, \$106,000 for amusement facilities, \$1.4 million for building repairs and \$300,000 for various other projects.

Debt Administration

As of June 30, 2008 and 2007, the Park has a payable due to the State of Louisiana (the State) related to the State's insurance premiums in the amount of \$2,417,195 and \$1,902,261, respectively. The Park is required to participate in the State's insurance program for general liability and related coverage. This liability will be paid in quarterly installment and paid in full by June 30, 2009.

Additional detailed information relating to capital assets and debt is presented in the financial statements and related notes 3 and 5.

ECONOMIC FACTORS AND OUTLOOK

The Park continues to rebuild and restore its facilities following Hurricane Katrina. Due to the hurricane, 90% of the staff was laid off and virtually all operations were closed. During 2007 and 2006, several facilities have reopened, including the Botanical Garden (through a grant from the Azby Fund), Tad Gormley Stadium, driving range, Storyland, and the amusement park. As of June 30, 2008 approximately 90% of the Park's facilities have opened. The Park has also hosted several events including the annual Celebration in the Oaks, Voodoo Festival, Battle of the Bands, and various run/walk events. The State of Louisiana has assisted the Park with operating funds of \$3 million for fiscal year 2008-2009 and the Park has requested additional funding from the State for fiscal year 2009-2010.

CONTACTING THE PARK'S FINANCIAL MANAGEMENT

This financial report is designed to provide our bondholders, patrons, and other interested parties with a general overview of the Park's finances and to demonstrate the Park's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the New Orleans City Park Improvement Association at (504) 482-4888.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Net Assets

June 30, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash (notes 2):		
Unrestricted	\$ 599,120	\$ 2,187,396
Restricted	900,914	391,524
Total cash and cash equivalents (note 2)	1,500,034	2,578,920
Investments substantially restricted (note 2)	26,451	24,985
Investments with Louisiana Asset Management Pool (note 2)	4,527,495	2,278,879
Receivables (less allowance for doubtful accounts):		
Friends of City Park	66	463,979
Federal grant receivable	266,735	305,049
Other	525,536	381,507
Inventories	39,815	37,216
Prepaid expenses and other assets	17,250	15,750
Total current assets	6,903,382	6,086,285
Investments held at the Greater New Orleans Foundation (note 2)	708,360	553,116
Capital assets, net (note 3)	20,340,562	11,716,450
	<u>\$ 27,952,304</u>	<u>\$ 18,355,851</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable - trade	\$ 437,770	\$ 407,836
Other liabilities	464,326	932,364
Accrued salaries	117,009	125,874
Deferred income (note 4)	929,420	1,901,793
Current portion of insurance payable (note 5)	2,417,195	997,407
Accrued vacation leave	187,422	170,789
Total current liabilities	4,553,142	4,536,063
Long-term Liabilities		
Other postretirement benefits	689,325	-
Insurance payable (note 5)	-	904,854
Total liabilities	5,242,467	5,440,917
Net assets:		
Invested in capital assets	20,340,562	11,716,450
Restricted	1,635,725	969,625
Unrestricted	733,550	228,859
Total net assets	22,709,837	12,914,934
	<u>\$ 27,952,304</u>	<u>\$ 18,355,851</u>

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Changes in Net Assets

For the year ended June 30, 2008 and nine months ended June 30, 2007

	<u>2008</u>	<u>2007</u>
Operating revenues:		
Amusements, concerts and other events	\$ 2,144,869	\$ 997,259
Casino, catering, and restaurant revenue	1,612,920	1,139,747
Golf operations	159,704	150,947
Horticulture, grounds and pavilion	729,983	473,506
Stadium rentals and concessions	267,449	204,206
Tennis fees and shop sales	109,250	130,101
Total operating revenues	<u>5,024,175</u>	<u>3,095,766</u>
Operating expenses:		
Amusements and other events	776,634	448,026
Casino, catering, and restaurant expense	1,319,950	856,652
Depreciation	1,159,272	770,239
General park	2,987,431	1,507,356
Golf operations	70,928	42,900
Horticulture and grounds	760,695	403,527
Stadium	365,159	185,499
Tennis	126,305	101,621
Hurricane Katrina loss (gain)	(77,519)	189,275
Postretirement benefits expense	689,325	-
Total operating expenses	<u>8,178,180</u>	<u>4,505,095</u>
Net operating loss	<u>(3,154,005)</u>	<u>(1,409,329)</u>
Non-operating income:		
Donations	543,889	275,759
Interest income	195,824	116,066
Federal grant revenue	2,253,294	820,618
State revenue	2,361,371	1,233,733
Lease revenue	108,560	113,253
Royalties revenue	41,649	-
Other revenue	485,464	113,427
Total non-operating income	<u>5,990,051</u>	<u>2,672,856</u>
Changes in net assets before capital contributions	2,836,046	1,263,527
Capital contributions	<u>6,958,857</u>	<u>2,668,594</u>
Changes in net assets after capital contributions	9,794,903	3,932,121
Net assets at beginning of year	<u>12,914,934</u>	<u>8,982,813</u>
Net assets at end of year	<u>\$ 22,709,837</u>	<u>\$ 12,914,934</u>

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Statements of Cash Flows

For the year ended June 30, 2008 and nine months ended June 30, 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Cash received from user fees and other park activities	\$ 4,135,523	\$ 4,238,823
Cash payments to suppliers for goods and services	(3,614,045)	(2,854,110)
Cash payments to employees for services	(2,538,129)	(1,604,220)
Net cash used in operating activities	<u>(2,016,651)</u>	<u>(219,507)</u>
Cash flows from noncapital and related financing activities:		
Cash received from State of Louisiana	1,986,401	933,733
Cash received from Federal revenue	2,291,608	1,971,816
Cash received from donations	543,889	275,759
Cash received from lease revenue	108,560	113,253
Net cash provided by noncapital financing activities	<u>4,930,458</u>	<u>3,294,561</u>
Cash flows from capital and related financing activities:		
Contributed by others for capital improvements	7,473,080	2,204,615
Acquisition and construction of capital assets	(9,783,384)	(2,661,552)
Net cash used in capital and related financing activities	<u>(2,310,304)</u>	<u>(456,937)</u>
Cash flows from investing activities:		
Interest received on investments	195,824	116,066
Decrease (increase) in investments	(155,244)	(131,065)
Royalties and other revenue	527,113	113,427
Net cash provided by investing activities	<u>567,693</u>	<u>98,428</u>
Net increase in cash and cash equivalents	1,171,196	2,716,545
Cash and cash equivalents at beginning of the year	<u>4,882,784</u>	<u>2,166,239</u>
Cash and cash equivalents at end of the year	<u>\$ 6,053,980</u>	<u>\$ 4,882,784</u>
Reconciliation of cash and cash equivalents:		
Cash	\$ 1,500,034	\$ 2,578,920
Investments substantially restricted	26,451	24,985
Investments with Louisiana Asset Management Pool	4,527,495	2,278,879
	<u>\$ 6,053,980</u>	<u>\$ 4,882,784</u>
Reconciliation of net operating loss to net cash provided by operating activities are as follows:		
Operating loss	\$ (3,154,005)	\$ (1,409,329)
Adjustments to reconcile net operating loss to net cash provided by operating activities:		
Change in allowance for bad debts	(22,597)	-
Depreciation	1,159,272	770,239
Decrease in receivables	203,228	216,002
Increase in inventories	(2,599)	(11,249)
(Increase) decrease in prepaid expenses and other assets	(1,500)	-
Increase in trade payables and insurance payable	544,868	15,469
Increase (Decrease) in accrued liabilities and other liabilities	229,055	(727,694)
Increase (Decrease) in deferred income	(972,373)	927,055
Net cash used in operating activities	<u>\$ (2,016,651)</u>	<u>\$ (219,507)</u>

See accompanying notes to financial statements.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies

The State of Louisiana legislature passed Act 84 of 1870 which established a public park in the City of New Orleans (the City) and created the New Orleans Park Board of Commissioners. By Act 87 of 1877, the Board was abolished and the powers and duties were transferred to the City Council of New Orleans.

In 1896, Act 84 of 1870 was repealed and Act 130 gave recognition to an organization called the "New Orleans City Park Improvement Association" (the Park), an agency of the State, which was to manage and supervise the City's park.

Act 865 of 1982 transferred the Park to the State Department of Culture, Recreation and Tourism. The Park shall be used for park, educational and cultural purposes.

(a) *Reporting Entity*

For financial reporting purposes and in accordance with Governmental Accounting Standards Board's definition of a reporting entity, the Park has only one fund, an enterprise fund, which accounts for all assets, liabilities and operations of the Park, and, as such, is considered a primary government.

Of the 36 authorized Board members, 13 are appointed by various governmental units and nonprofit organizations. The remaining board members serve limited staggered terms and are appointed by the current Board members of the Park. The Park's Board members have decision-making authority over the activities of the Park including: the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Park has no special financial relationships with any other governmental unit and is responsible for its own debt and surpluses and deficits.

(b) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The accounting policies of the Park conform to accounting principles generally accepted in the United States of America as applicable to governments. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses, excluding depreciation and amortization, are recorded when a liability is incurred, regardless of the timing of related cash flows. The Park has no governmental or fiduciary funds. The Park uses fund accounting to report its financial position and results of operations. The Park's accounts are organized into a single proprietary fund.

The enterprise fund (a proprietary fund) is used to account for operations (a) that are operated in a manner similar to private business where the intent of the governing body is that the cost (expense, including depreciation) of providing goods and services to the general public is financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred and/or changes in net assets is appropriate for capital maintenance.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies, Continued

The Park's principal operating revenues are the fees received for services. The Park applies all applicable FASB pronouncements issued on or before November 30, 1989 in accounting for its operations unless those pronouncements conflict or contradict GASB pronouncements.

(c) *Investments*

Investments are stated at fair value based on quoted market prices. If quoted prices are not available, fair value is estimated based on similar securities. Louisiana Revised Statutes authorize the Park to invest in bonds, treasury notes, certificates or other obligations of the United States, or time certificates of deposit in state banks organized under Louisiana laws and national banks having principal offices in the State.

(d) *Inventories*

Inventories, consisting primarily of gift shop, concession, and catering supplies, are valued at cost, which approximates market, using the weighted average method.

(e) *Fixed Assets*

Fixed assets are stated at cost. Contributed assets are recorded at fair market value at the time received. Depreciation is provided using the straight-line method over the estimated useful lives.

(f) *Vacation Leave*

The Park permits employees a limited amount of earned but unused vacation benefits, which will be paid to employees upon separation from Park service.

(g) *Net Assets*

Designations of Net Assets represent those portions which are not available for operations but have been designated by the Board. Designations include stadium improvements, tennis improvements, and other various projects.

(h) *Cash Flows*

For purposes of the statement of cash flows, only cash certificates on hand and on deposit and investments having an initial term of three months or less are included in cash and cash equivalents.

(i) *Allowance for Doubtful Accounts*

The allowance for doubtful accounts is based on prior years experience and management's analysis of possible bad debts. Accounts receivable considered uncollectible are charged against the allowance account in the year they are deemed uncollectible. The allowance for doubtful accounts was \$0 and \$22,597 as of June 30, 2008 and 2007, respectively.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of Significant Accounting Policies, Continued

(i) Deferred Income

Deferred income represents resources the Park has received, but not yet earned, such as federal grant funds received prior to the incurrence of qualifying expenditures, cash deposits received as prepayments from customers on catering events and birthday parties, or prepaid rental revenue.

(2) Cash, Cash Equivalents and Investments

The following are the components of the Park's cash, cash equivalents and investments at June 30, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Current:		
Cash in banks	\$ 1,500,034	\$ 2,578,920
Certificates of deposit	26,451	24,985
Investments with Louisiana Asset Management Pool	4,527,495	2,278,879
Long-term:		
Investments held at Greater New Orleans Foundation	708,360	553,116
Total cash, cash equivalents and investments	<u>\$ 6,762,340</u>	<u>\$ 5,435,900</u>

Restricted cash and investments as of June 30, 2008 and 2007 are as follows:

	<u>Restricted Cash</u>	<u>Restricted Investments</u>	<u>Total</u>
2008:			
Ribet Fund	\$ -	\$ 26,451	\$ 26,451
Greater New Orleans Foundation	-	708,360	708,360
Capital funds received from private donors	900,914	-	900,914
	<u>\$ 900,914</u>	<u>\$ 734,811</u>	<u>\$ 1,635,725</u>
2007:			
Ribet Fund	\$ -	\$ 24,985	\$ 24,985
Greater New Orleans Foundation	-	553,116	553,116
Capital funds received from private donors	391,524	-	391,524
	<u>\$ 391,524</u>	<u>\$ 578,101</u>	<u>\$ 969,625</u>

Custodial Credit Risk – Deposits - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Statutes require that the Park's cash and certificates of deposit be covered by federal depository insurance or collateral. The bank balances of cash and certificates of deposit, as reflected by the banks' records totaled \$1,554,524 and \$2,403,857 at June 30, 2008 and 2007, respectively. The Park's bank balances and certificates of deposits at year-end were covered by federal depository insurance or by collateral held by the Park's custodial bank in the Park's name.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents and Investments, Continued

Investments - Statutes authorize the Park to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poors Corporation or P-1 by Moody's Commercial Paper Record, repurchase agreements, and the Louisiana Asset Management Pool (LAMP).

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the state of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

Credit risk: LAMP is rated AAA by Standard & Poor's.

Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Park's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.

Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.

Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statements.

Foreign currency risk: Not applicable to 2a7-like pools.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pools is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(2) Cash, Cash Equivalents and Investments, Continued

As of June 30, 2008 and 2007, the Park had investments totaling \$708,360 and \$553,116, respectively, in the Greater New Orleans Foundation (GNOF). GNOF investments are held in a donor investment pool which is not categorized under GASB Codification Section 150.164 because investments are not evidenced by securities that exist in physical or book entry form. Investments in GNOF are administered by the Greater New Orleans Foundation, a 501(c) (3) public charity. The primary objective of GNOF is to provide a safe environment for the placement of donor funds in high quality investments. To achieve these objectives, GNOF's investment portfolio consists of three diversified investment portfolios: the money market portfolio, the fixed income portfolio and the equity portfolio.

(3) Capital Assets

The capital assets of the Park as of June 30, 2008 and 2007 are as follows:

Description	2007	Additions	Deletions	2008	Estimated Useful life (years)
Amusement Park	\$ 2,213,134	\$ 639,990	\$ -	\$ 2,853,124	5-20
Gardens	5,423,739	172,422	-	5,596,161	5-10
Softball Quadraplex	1,433,087	-	-	1,433,087	5-20
Administration Building	298,525	-	-	298,525	3-20
Golf	367,160	-	-	367,160	3-20
Couba Island - Land	686,000	-	-	686,000	-
Couba Island - Mineral rights	271,200	-	-	271,200	5
Casino/Catering	1,980,188	150,692	-	2,130,880	5-10
Tennis	107,323	73,537	-	180,860	5-20
General park	1,923,515	820,236	9,422	2,734,329	5-20
Stadiums	524,494	312,061	-	836,555	5-20
Construction in progress	1,795,246	8,865,684	1,248,754	9,412,176	
	17,023,611	11,034,622	1,258,176	26,800,057	
Less accumulated depreciation	(5,307,161)	(1,159,272)	(6,937)	(6,459,495)	
Capital assets, net	\$ 11,716,450	\$ 9,875,350	\$ 1,251,239	\$ 20,340,562	

Construction in progress of \$9,412,176 and \$1,795,246 as of June 30, 2008 and 2007, respectively, consists primarily of repairing Tad Gormley and Pan American stadiums and repairs to the amusement area. Approximately \$4.4 million is from State Facility and Planning who is handling the FEMA project worksheets related to building repairs.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(3) Capital Assets, Continued

The capital assets of the Park as of June 30, 2007 and September 30, 2006 are as follows:

Description	2006	Additions	Deletions	2007	Estimated useful life (years)
Amusement Park	\$ 865,833	1,347,301	-	\$ 2,213,134	5-20
Gardens	5,400,691	23,048	-	5,423,739	5-10
Softball Quadraplex	1,433,087	-	-	1,433,087	5-20
Administration	278,681	19,844	-	298,525	3-20
Golf	367,160	-	-	367,160	3-20
Couba Island - Land	686,000	-	-	686,000	-
Couba Island - Mineral rights	271,200	-	-	271,200	5
Casino/Catering	1,971,099	9,089	-	1,980,188	5-10
Tennis	107,323	-	-	107,323	5-20
General Park	1,648,675	274,840	-	1,923,515	5-20
Stadiums	507,248	17,246	-	524,494	5-20
Construction in progress	825,062	970,184	-	1,795,246	5-20
	14,362,059	2,661,552	-	17,023,611	
Less accumulated depreciation	(4,536,922)	(770,239)	-	(5,307,161)	
Capital assets, net	\$ 9,825,137	1,891,313	-	\$ 11,716,450	

(4) Deferred Income

Deferred income consists of the following at June 30, 2008 and 2007:

	2008	2007
Event deferral	\$ 300,819	\$ 243,676
Federal Funds (FEMA)	69,140	735,913
Sugar Bowl - Tad Gormley project	-	400,000
Restricted contributions	428,781	391,524
Prepaid rent	130,680	130,680
Total deferred income	\$ 929,420	\$ 1,901,793

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(5) Commitments

The Park has a total insurance liability of approximately \$2.4 million, consisting of \$1.9 million in past due and \$515,000 for current year insurance. During 2001, the Park restructured the terms of its \$1,477,763 insurance payable to the State of Louisiana Office of Risk Management, making 120 monthly payments in the amount of \$12,065 effective January 2002. Due to Hurricane Katrina, the Park was unable to honor this agreement. During the 2008 Louisiana State Legislative session, Act 513 appropriated \$1.3 million to be transferred to the Park to pay a portion of this debt. This appropriation was received July 30, 2008, leaving a balance of approximately \$1.1 million which will be covered by the operating appropriation given to the Park by the State of Louisiana for the 2008 - 2009 fiscal year. This balance will be paid in quarterly installments during the fiscal year ended June 30, 2009.

(6) Operating Leases

The Park leases certain facilities to various lessees under renewable operating lease agreements. These facilities include the cellular tower, the stables, and land to Christian Brothers School. Minimum future lease payments receivable as of June 30, 2008, are as follows:

2009	\$ 64,998
2010	59,941
2011	112,512
2012	100,353
2013	101,383
Thereafter	594,000

During the year ended September 30, 2006, the Park extended the lease with Christian Brothers School on similar terms as the existing lease through 2020. Included in deferred income at June 30, 2008 is \$130,680 which represents the rental payments from Christian Brothers School for the years ended 2009 and 2010.

(7) Employee Benefit Plans - Deferred Compensation Plan

The Park offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all regular full and part-time Park employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employee or their beneficiary until termination, retirement, death, or an unforeseeable emergency.

The plan is administered by the State of Louisiana (the State). Participants' rights under the plan are equal to those of the general creditors of the State in an amount equal to the fair market value of the deferred account for each participant. The Park contributed \$64,331 and \$65,864 to the deferred compensation plan in 2008 and 2007, respectively.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Other Postemployment Benefits (OPEB)

Plan Description

Employees of the Park voluntarily participate in the State of Louisiana's health and life insurance plan. The Office of Group Benefits (OGB) provides medical and life insurance benefits to eligible retirees and their beneficiaries. Participants are eligible for retiree benefits if they meet the retirement eligibility as defined in the applicable retirement system and they must be covered by the active medical plan immediately prior to retirement. The postemployment benefits plan is an agent multiple-employer defined benefit OPEB plan (for fiscal year 2008). Louisiana Revised Statute (R.S.) 42:801-883 provides the authority to establish and amend benefit provisions of the plan. OGB does not issue a publicly available financial report; however, the entity is included in the Louisiana Comprehensive Annual Financial Report (CAFR).

Funding Policy

The contribution requirements of plan members and the Park are established and may be amended by R.S. 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage. OGB offers three standard plans for both active and retired employees: the Preferred Provider Organization (PPO) plan, the Exclusive Provider Organization (EPO) plan, and the Health maintenance Organization (HMO) plan. Retired employees who have Medicare part A and Part B coverage also have access to two OGB Medicare Advantage plans – one HMO plan and one private fee-for-service (PFFS) plan, offered by two companies. Depending upon the plan selected, during fiscal year 2008, employee premiums for a single member receiving benefits range from \$34 to \$92 per month for retiree-only coverage with Medicare or from \$126 to \$170 per month for retiree-only coverage without Medicare.

The plan is currently financed on a pay-as-you-go basis, with the Park contributing \$114 to \$246 per month for retiree and spouse coverage.

OGB also provides eligible retirees Basic Term Life, Basic Plus Supplemental Term Life, Dependent Term Life and Employee Accidental Death and Dismemberment (AD&D) coverage, which is underwritten by The Prudential Insurance Company of America. The total premium is approximately \$1 per thousand dollars of coverage of which the employer pays one half of the premium. Maximum coverage is capped at \$50,000 with a reduction formula of 25% at age 65 and 50% at age 70, with AD&D coverage ceasing at age 70 for retirees.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Other Postemployment Benefits (OPEB), Continued

Annual Other Postemployment Benefit Cost and Liability

The Park's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45, which is being implemented for the year ended June 30, 2008. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities (UAL) over a period of thirty years. A 30-year percentage of projected payroll amortization method with a closed amortization period has been used. The total ARC for fiscal year 2008 is \$839,800 as set forth below:

Normal cost	\$ 407,900
30-year UAL amortization amount	<u>301,900</u>
Annual required contribution	<u>\$ 709,800</u>

The following schedule presents the Park OPEB obligation for fiscal year 2008:

Beginning net OPEB obligation at July 1, 2007	\$ _____ -
Annual required contribution	709,800
Interest on net OPEB obligation	NONE
ARC adjustment	<u>NONE</u>
OPEB cost	709,800
Contributions made (retiree premiums paid in 2008)	<u>20,475</u>
Change in net OPEB obligation	<u>689,325</u>
Ending net OPEB obligation at June 30, 2008	<u>\$ 689,325</u>

Using the pay-as-you-go method, the Park contributed 2.9% of the annual postemployment benefits cost during 2008.

Funded Status and Funding Progress

During fiscal year 2008, neither the Park nor the State of Louisiana made contributions to its postemployment benefits plan trust. During fiscal year 2008, the plan did not establish or fund a trust. Since the plan was not established or funded, the Park's entire actuarial accrued liability of \$7,186,700 was unfunded.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(8) Other Postemployment Benefits (OPEB), Continued

The funded status of the plan, as determined by an actuary as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$7,186,700
Actuarial value of plan assets	<u>NONE</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$7,186,700</u>
 Funded Ratio (actuarial value of plan assets / AAL)	 0%
Covered Payroll	\$2,797,469
UAAL as a percentage of covered payroll	257%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the State of Louisiana's CAFR, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2007, OGB actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return and initial annual healthcare cost trend rate of 9.5% and 10.6% for pre-Medicare and Medicare eligibles, respectively, scaling down to ultimate rates of 5% per year. The RP 2000 Mortality Table was used in making actuarial assumptions. Retirement rate assumptions differ by employment group and date of plan participation. The state's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2008, is 29 years.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(9) Management Agreement

On November 22, 2002, the Park entered into a management agreement with Kemper Sports Management, Inc. (KSM). As part of the management agreement KSM provides certain procurement functions to and for the benefit of the Park, including solicitation of proposals for certain operations, management and maintenance responsibilities in regard to the facilities and related golf services under the supervision of the Chief Executive Officer and Board of Commissioners of the Park. The agreement term is from January 1, 2003 to December 31, 2007, unless terminated according to the cancellation provisions of the agreement. The agreement may be renewed for two additional years by mutual written agreement of the parties.

Due to Hurricane Katrina, KSM and the Park mutually agreed to cancel the contract. Due to this cancellation, a balance of approximately \$167,000 remained payable to KSM. The Park is currently working with KSM to resolve this payable.

(10) Natural Disaster

On August 29, 2005, Hurricane Katrina hit the greater New Orleans area and the Mississippi Gulf Coast. Approximately 90% of the Park was under between one and eight feet of water. The Administration Building, Maintenance Building, Botanical Garden, three golf courses, equipment and vehicles, and approximately 2,000 trees were substantially destroyed by the impact of the storm. The Park is insured by the State Office of Risk Management and has received reimbursement for damaged Park vehicles.

Management evaluated the extent of the damage to the property and equipment and recorded the losses included in Hurricane Katrina expense line, a credit of \$77,519, due to a reclassification of prior year accruals, and \$189,275 for June 30, 2008 and 2007, respectively.

A substantial portion of the clean up and debris removal costs have been fund by FEMA. Included in federal revenue in 2008 is approximately \$6.1 million relating to FEMA public assistance grants. Included in the federal receivable at June 30, 2008 is \$267,000 which is for project worksheets that are obligated as of the report issuance date. Included in deferred revenue at June 30, 2008 is \$69,000 for FEMA public assistance grants that have been funded to the Park; however, the Park has not expended the funds.

(11) Subsequent Events

The Park is rebuilding and restoring its facilities following Hurricane Katrina. Due to the hurricane 90% of the staff was laid off and virtually all operations were closed. Since March 2006, most of the facilities have reopened, including the Botanical Gardens (through a grant of \$1,000,000 from the Azby fund), Tad Gormley, driving range, amusement park, catering facilities, tennis operations, and Storyland. The Park has also hosted several events, including the annual Celebration in the Oaks, Voodoo Festival, and Battle of the Bands. The State of Louisiana assisted the Park with operating funds of \$2.3 million for the fiscal year ending June 30, 2008, and the Park has requested additional funding from the State for fiscal year 2008 – 2009.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

(11) Subsequent Events, Continued

On June 11, 2008, the Park entered into a management agreement with Billy Casper Golf (BCG). As part of the management agreement BCG provides certain procurement functions to and for the benefit of the Park, including solicitation of proposals for certain operations, management and maintenance responsibilities in regard to the facilities and related golf services under the supervision of the Chief Executive Officer and Board of Commissioners of the Park. The agreement term is from July 1, 2008 to December 31, 2010, unless terminated according to the cancellation provisions of the agreement.

Schedule 1

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATIONSchedules of Operating ExpensesFor the year ended June 30, 2008 and nine months ended June 30, 2007

	<u>2008</u>	<u>2007</u>
Administrative	\$ 172,113	\$ 74,056
Advertising	35,943	5,336
Bad Debts	(21,997)	-
Celebration in the Oaks supplies	62,793	51,000
Communications	4,884	-
Contract labor	111,378	282,450
Contract services	337,415	135,371
Cost of goods sold	580,890	378,832
Depreciation	1,159,272	770,239
Fuel	53,351	17,892
Hurricane Katrina	(77,519)	189,275
Insurance	517,298	342,679
Master Plan	46,563	-
Other	40,951	58,630
Other postretirement benefits expense	689,325	-
Payroll	2,834,712	1,494,432
Payroll benefits	405,420	235,599
Rentals	57,310	26,031
Repairs and maintenance	550,015	91,510
Special events	21,065	24,415
Supplies	280,324	135,465
Telephone	37,674	25,639
Uniforms	13,053	2,550
Utilities	265,947	163,694
Operating expenses	<u>\$ 8,178,180</u>	<u>\$ 4,505,095</u>

See accompanying independent auditors' report.

Schedule 2

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION**Schedule of Funding Progress for Louisiana's State OPEB Plan****For the year ended June 30, 2008**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
7/1/2007	\$ -	\$ 689,325	\$ 689,325	2.9%	\$ 2,797,469	24.6%

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

SINGLE AUDIT REPORT

JUNE 30, 2008



Postlethwaite
& Netterville

A Professional Accounting Corporation

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NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Commissioners
New Orleans City Park Improvement Association

We have audited the financial statements of the New Orleans City Park Improvement Association (the Park) as of and for the year ended June 30, 2008, and have issued our report thereon dated December 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Park's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

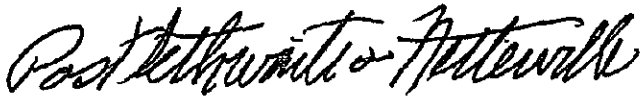
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Park's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
December 18, 2008



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of Commissioners
New Orleans City Park Improvement Association

Compliance

We have audited the compliance of the New Orleans City Park Improvement Association (the Park) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The Park's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Park's management. Our responsibility is to express an opinion on the Park's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Park's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Park's compliance with those requirements.

In our opinion, the Park complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the Park is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Park's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Park's internal control over compliance.

A control deficiency in the Park's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Park's internal control. We noted no matters involving control deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Park's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weakness, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Park as of and for the year ended June 30, 2008, and have issued our report thereon dated December 18, 2008. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information of the Park, the Park's management; federal, state and city awarding agencies; and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
December 18, 2008



NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Expenditures of Federal Awards

June 30, 2008

Federal Grantor/Program Title	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security:</u>		
Louisiana Office of Homeland Security and Emergency Preparedness Disaster Grants – Public Assistance (Pass-through award)	97.036	<u>\$ 1,988,938</u>
Total Federal Expenditures		<u>\$ 1,988,938</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Notes to Schedule of Expenditures of Federal Awards

June 30, 2008

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the federal grant activity of the New Orleans City Park Improvement Association. The Park's reporting entity is defined in note 1 to the financial statements for the year ended June 30, 2008. All Federal financial awards have been included on the Schedule.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the Park's financial statements for the year ended June 30, 2008.

(3) Relationship to Financial Statements

Federal awards are included in the financial statements of the Park as follows:

Federal grant revenue	\$	2,253,294
Less: revenue related to prior year		
expenditures recognized in the current year		(264,356)
Total Expenditures of Federal Awards	\$	<u>1,988,938</u>

NEW ORLEANS CITY PARK IMPROVEMENT ASSOCIATION

Schedule of Findings and Questioned Costs

June 30, 2008

(1) Financial Statements

(a) The type of auditor's report issued: unqualified opinion

(b) Internal control over financial reporting:

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: no

Noncompliance material to financial statements noted: no

(2) Federal Awards

(a) Internal control over major programs:

Material weakness identified: no

Significant deficiency identified not considered to be material weaknesses: no

(b) Type of auditor's report issued on compliance for major programs: unqualified opinion

(c) Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section 510(a): no

(d) Identification of major programs:

- Department of Homeland Security – CFDA No. 97.036 – Public Assistance Grants

(e) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

(f) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: yes

(3) Findings Relating to the Financial Statements Reported in accordance with *Government Auditing Standards*: none

(4) Findings and Questioned Costs relating to Federal Awards: none